

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: March 14, 2005

PAYROLL LETTER #05-003
(CSU Only)

TO: All Campuses in the Uniform State Payroll System

FROM: JOHN R. HARRIGAN, Chief
Personnel/Payroll Services Division

RE: **INVOLUNTARY LEAVE**

Effective January 1, 2004, Assembly Bill No. 908 established Education Code Section 89536.1 allowing a campus to request disability retirement on an employee's behalf. Further, the campus can remove the employee from the job, place the employee on involuntary leave, continue benefit deductions, and pay the employee a temporary disability allowance pending a CalPERS decision on the disability retirement application. Refer to CSU Technical Letter HR/Benefits 2004-29 for additional information.

The following highlights the major Involuntary Leave program requirements for documenting and paying employees while on an involuntary leave.

- The involuntary leave status will not be reflected on employment history (EH) until the employee has exhausted her/his other benefit programs and/or leave credits; or the employee chooses not to use leave credits or participate in any eligible benefit programs.
- The S42 transaction with Item 719, Code 78 is to be used to document the involuntary leave status per above.
- The temporary disability allowance (TDA) pay request is to be made on Form STD. 674/674D and submitted after the close of the pay period. The TDA pay will be issued as regular pay (payment type 0).
- The TDA payments will not be subject to retirement (see CSU Technical Letter HR/Benefits 2004-29 for further information).
- The accounts receivable (A/R) needed as a result of CalPERS approving the disability retirement will be established via the normal A/R process with the following exceptions:
 - Employees need not be notified of the impending A/R(s) as outlined in PPM Section I 010.
 - Vision, life insurance and long-term disability (LTD) deductions will not be recovered per CSU Technical Letter HR/Benefits 2004-29.

To expedite processing, Forms STD. 674, 674D, and 674A/R may be submitted via fax to (916) 322-8137.

Attached are the detailed EH and payroll procedures related to the Involuntary Leave program. The procedures are effective immediately. For employees where a CalPERS decision was made, it will not be necessary to update EH or correct pay. If an employee is currently on involuntary leave status, it is the campus' discretion to continue the current process used for the employee until a CalPERS decision is made or to follow the attached procedures. NOTE: If temporary disability payments are/were made via salary advances with no offsetting payments issued prior to the end of the tax year, the salary advances need to be reported to ensure correct wage reporting (see PPM Section N 107 for further details and instructions).

Revisions to the PIMS User Manual and PPM will be issued in the near future. If there are any questions on the attached procedures, please contact the appropriate PPSP liaison unit for assistance as follows:

Employment History

Campus representative

Payroll

See PPM Section A 013 for a complete list of the payroll liaison unit telephone numbers.

JRH:LM:PMAB

Attachment

INVOLUNTARY LEAVE AND TEMPORARY DISABILITY ALLOWANCE

The following outlines the EH and payroll procedures for the Involuntary Leave program as provided by Education Code Section 89536.1.

EMPLOYMENT HISTORY PROCESS

A. Employee Placed On Involuntary Leave

EH is to be updated for involuntary leave only under certain conditions. If an employee meets the condition, process an S42 transaction with Item 719, Code 78 completed. The transaction effective date is based on the condition the employee satisfies.

- Condition – Employee has elected not to use available leave credits and not to participate in any eligible leave benefit programs.

S42 Transaction Effective Date – The date the disability retirement application is made for the employee.

- Condition – Employee has exhausted all leave credits/benefit programs and is to receive full TDA pay.

S42 Transaction Effective Date – The date the employee's leave credits are exhausted or the eligible leave benefit program ends. NOTE: Return the employee from the leave benefit program (A57 transaction or 565 transaction with injury code 3 or 4) before processing the S42 transaction. Since the S42 transaction is effective COB, enter BOB in the S42 transaction effective date hours field.

See the PIMS User Manual for additional S42 transaction coding requirements.

B. Disability Retirement Denied

If disability retirement is denied and an S42 transaction was processed, void the S42 transaction and process any subsequent transactions as needed (see PIMS User Manual for instructions on processing voids). This action will return the employee to her/his status prior to the involuntary leave. If the employee received partial TDA payments with leave benefit program payments, post a 215 transaction effective the date that the involuntary leave started and enter "ON IL RET DENIED" in remarks. Restore any leave credits that the employee used while on involuntary leave and update CLAS, if applicable.

C. Disability Retirement Approved

If disability retirement is approved and an S42 transaction was processed, void the S42 transaction and post an S71 transaction with the same effective date as the S42 transaction. If an S42 transaction is not posted, process an S71 transaction with an effective date based on the date of the application for disability retirement and any used leave credits (see CSU Technical Letter HR/Benefits 2004-29 for further details). See the PIMS User Manual for S71 coding requirements.

PAYROLL PROCESS

A. Employee On Involuntary Leave

While on involuntary leave status, an employee can receive one or more of the following:

- Leave Credit Pay – Payment for leave credits. Follow the existing payroll process to issue payments for use of leave credits.
- Leave Benefit Program Pay – Payment for any approved leave benefit program. Follow the existing payroll process to issue payments for the leave benefit program.
- Partial TDA Pay – Payment for the difference between the leave credit/benefit program payment and the estimated retirement allowance. Follow the below procedures to issue partial TDA pay.
- Full TDA Pay – Payment for the estimated retirement allowance. Follow the below procedures to issue full TDA pay.
- Continuance of Health Plan Coverage – Payroll action to continue the employer contributions to the employee's health, dental, vision, life insurance and LTD plans when the employee elects not to use leave credits or not to participate in any eligible leave benefit programs. Follow the existing FMLA process outlined in PPM Section H 825 to continue the employee's health plan coverages. Indicate in the REMARKS area of the Form STD. 674 that the continuation of health plan coverages is due to involuntary leave.

To request partial or full TDA pay, use Form STD. 674D or Form STD. 674 as follows:

Form STD. 674D – Partial TDA pay with leave benefit program pay

Form STD. 674 – Partial TDA pay with leave credits or full TDA pay

A separate payroll request must be submitted each pay period to generate the TDA payment. Both the partial and full TDA payment will be issued as regular pay (payment type 0) and retirement deductions will not be withheld. If appropriate, follow instructions in PPM Section H 014 to cancel voluntary deductions. Any deductions not listed in Section H 014 will need to be cancelled by the employee through the deduction company. Request for deduction cancellation per PPM Section H 014 should be submitted with the first TDA payment request. Complete the Form STD. 647D/674 per PPM Section D 010 and E 450 with the following exceptions:

Position: Complete with the employee's regular position number.

Remarks: Indicate "INVOLUNTARY LEAVE TEMPORARY DISABILITY ALLOWANCE" and note if supplementing with NDI, IDL, or TD.

Time: For full TDA pay, complete with the time possible for the requested pay period based on the employee's regular schedule.

Full time = 21 or 22 days

Part-time = 21 or 22 days at appropriate time base
Intermittent = hours per regular schedule or if no regular schedule, average number of hours worked per month over the last 12 months

For partial TDA payments with leave benefit program payments, determine the TDA time by following the instructions in PPM Section E 454.

For partial TDA payments with leave credit payments, determine the TDA time based on the employee's time base from the effective date of the S57 transaction through end of the pay period. Adjust the hours appropriately for intermittent employees.

Gross: For full TDA pay, enter the estimated disability retirement allowance received from CalPERS.

For partial TDA pay, enter the difference between the estimated disability retirement allowance and the gross amount from the other payments due in the pay period.

All payroll forms requesting TDA pay or benefit continuation due to involuntary leave may be faxed to PPSD for processing. The fax number is (916) 322-8137.

B. Disability Retirement Denied

If the application for disability retirement is denied, the employee is to be reinstated to her/his status prior to involuntary leave. Update EH per above instructions. If the employee is returned to active payroll status, submit a Form STD. 674 for each pay period that pay is due. If necessary, certify time and request an adjustment to retirement (if TDA pay was issued) on the Form STD. 674. If voluntary deductions were cancelled, remind the employee to contact her/his deduction companies to reestablish the deductions.

C. Disability Retirement Approved

Upon notification that the employee's disability retirement was approved, update EH per above instructions and immediately submit Form STD. 674A/R(s) to recover the TDA payments or health and dental deductions. Indicate that the A/R method of collection is agency collection. See PPM Section I 017 for Form STD. 674A/R completion requirements. Enter "To Recover TDA Pay" or "To Recover TDA Deductions" in the REMARKS area of the Form STD. 674A/R. To expedite processing, fax the Form STD. 674A/R(s) to (916) 322-8137. When the forms are processed and the repayment amounts identified, notify CalPERS of the amount due from the employee's disability benefit payments.

Note: Vision, life insurance and LTD deductions will not be credited on the A/R (see CSU Technical Letter HR/Benefits 2004-29 for details).

To ensure correct reporting of the employee's taxable income, Form STD. 955A, Non-USPS -- Agency Collection Accounts Receivable must be submitted when the A/R is satisfied or the end of the tax year arrives and the A/R is only partially satisfied. See PPM Section I 178 and 179 for Form STD. 955A completion requirements and additional information.